

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7139

BILL NUMBER: HB 1538

NOTE PREPARED: Jan 1, 2011

BILL AMENDED:

SUBJECT: Minimum Wage Required by Local Unit.

FIRST AUTHOR: Rep. Speedy

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: The bill prohibits a unit from establishing, mandating, or requiring a minimum wage that exceeds the state minimum wage unless federal or state law provides otherwise. The bill allows a unit to establish wage rates in a contract to which the unit is a party.

Effective Date: July 1, 2011.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The prohibition of a minimum wage rate above the state rate would have an indeterminable impact on local expenditures. The state minimum wage is currently \$7.25 as provided by federal law (29 U.S.C. 201 et seq.)

It is currently unknown how many units have mandates requiring payment of a wage exceeding the state minimum wage. To the extent that this provision voids any existing ordinances, there would be a savings to local units no longer required to pay a wage above the state minimum wage to every employee. Ultimately the fiscal impact to local expenditures would be determined by future local unit hiring practices.

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Counties; municipalities; townships.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.